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## **Poland**

## **Dairy and Products**

## **Annual**

## **2002**

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### **Report Highlights:**

**Fluid milk, cheese and WDM production is expected to grow in 2002 as a result of higher output of raw milk, export demand for WDM and cheese and zero tariff for Polish dairy products exported to the EU. Exports of NFDm and butter are expected to decrease due to lower world prices. As a result of EU membership expected in 2004, Poland will introduce a milk production quota system.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
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## 1. Situation and Outlook

Poland's fluid milk production is expected to increase one percent from a year ago to 12 million tons in 2002 as a result of good feed supplies and increasing milk yields. In 2002, higher output of milk is expected to lead to higher output of cheese and whole dry milk (WDM) while output of non-fat dry milk (NFDM) and butter is expected to remain at the 2001 level. On September 6, 2001, the Polish parliament approved a new law regulating the Polish dairy market. This law contains regulations similar to the European Union's rules regarding the milk quota system, intervention on the market through governmental stocks of NFDM and butter, as well as subsidies for storage and consumption of dairy products.

### Production

The dairy industry is rapidly modernizing and restructuring. There are 330 dairy plants out of which 280 employ more than 50 people. Both cooperatives and privately owned dairy plants are adjusting to new stricter hygiene requirements introduced and supervised by the Polish Veterinary Service in order to meet EU dairy product quality standards.

Decreasing prices for non-fat dried milk on the world market are expected to stabilize output and diminish exports of NFDM in 2002. Total 2002 output of NFDM is estimated at 150,000 tons.

Production of butter in 2002 is expected to remain at the 2001 level due to stable output of NFDM and lower export demand. During the first six months of 2002, industrial production of butter (excluding home churning) decreased by one percent in comparison to the same period of 2001. Most butter is produced during the summertime peak of raw milk supplies. Peak demand for butter is in November/December. Home churning is estimated at 30,000 tons per year.

Production of cheese is forecast to continue to increase in 2002 due to higher milk output and expected stronger demand for cheese caused by high demand for export to the United States, European Union and Czech Republic.

Output of whole dry milk is expected to increase in 2002 as lower demand for exports of butter and NFDM may stimulate exports of WDM.

In 2003, milk output is forecast to grow two percent as a result of growing milk yields of dairy cows and expected higher milk procurement prices caused by a shortage of good quality raw milk for processing. Higher output of milk is expected to result in increased production of dairy products in 2003.

### Consumption

Higher milk output is expected to result in greater consumption of milk, cheese and butter in 2002. Consumption of yogurt, ice cream and cottage cheese is expected to decrease in 2002 as a result of lower demand caused by reduced consumer purchasing power. Dairy plants procure about 63 percent of total milk production. The average milk procurement price in July 2002 was 0.66 zls per liter (\$US .16), compared to 0.75 zls (\$US 0.18) in July 2001.

The Agricultural Market Agency (AMA) of the Ministry of Agriculture is responsible for supporting milk procurement prices through intervention purchases or subsidies for storage of butter and NFD and export subsidies for NFD. From January through September 2002, AMA procured 6,700 tons of butter to stabilize the domestic market. In the summer of 2002, AMA announced two tenders for export subsidies of NFD. As a result of the tenders, export firms signed contracts with the AMA for export of 37,000 tons of NFD and WDM, of which 20,450 tons were exported by August 26. The average subsidy amounted to 1.09 zlotys per kilogram (\$0.26). In addition, as a result of the decision of the Council of Ministers dated July 16, 2002, the AMA will subsidize production of 40,000 tons of NFD and WDM with the subsidy amounting to 0.99 zlotys (\$0.23) per kilogram. In 2001, AMA signed contracts for export subsidies for 29,300 tons of NFD and 7,700 tons of WDM. In 2001, AMA did not subsidize production of NFD and WDM.

## Trade

Poland is a net exporter of dairy products. In 2001, a positive trade balance of dairy products amounted to \$323 million and was twice as much as in 2000. Declining prices for NFD in the world's market are expected to decrease Polish exports in 2002 and 2003. Polish dairy exports also benefitted from the agreement on liberalization of bilateral trade signed with the EU in September of 2000. According to the agreement, the EU opened no tariff quotas for 10,000 tons of NFD, 9,000 tons of cheese and 6,000 tons of butter. The annual quotas allocated for cheese and butter were filled in the first six months of 2001.

### Imports

In 2001, casein was the major dairy product imported by Poland. In 2001, total imports of casein amounted to 20,100 tons compared to 12,600 tons in 2000. The average import price of casein was \$3,400 per ton. Major supplying countries were Ukraine (9,800 tons), Russia (6,000 tons) and Belarus (2,300 tons).

In the first half of 2002, imports of NFD were 2,664 tons. Imported NFD and casein are mostly re-exported. The tariff for NFD is 70 percent. There is a preferential tariff of 37 percent for the Czech and Slovak Republics, Romania, Hungary, Slovenia and Bulgaria, while for Lithuania it is 20 percent.

Declining domestic butter prices resulted in lower imports in 2001. Butter has been imported within the import quota at a tariff of 40 percent. The out-of-quota tariff for butter is 102 percent, maximum 2.31 EUR per kilogram. In 2002, the quota for butter containing over 85% butterfat (CN 040510) amounts to 8,588 tons and for butter with reduced content of butterfat (CN040520) 5,128 tons. In the first six months of 2002, imports of butter amounted to 2,390 tons (mostly from the Czech Republic) compared to 1,299 tons in the first half of 2001. The Czech and Slovak Republics receive preferential tariffs for butter of 30 percent while for Lithuania it is 40 percent. The EU has zero tariff quota amounting to 5,750 tons.

During the first six month of 2002, imports of cheese amounted to 1,207 tons compared to 1,431 tons in the first half of 2001. Higher domestic production limits imports. It is forecast that in 2003 imports of cheese will remain at this year's level as a result of expected higher production and stable demand. The import duty for cheese is 35 percent. For the EU there is a no-tariff quota amounting to 10,350 tons. For the Czech and Slovak Republics the tariff is reduced to 5 percent. The tariff for Latvia and Lithuania is reduced to 30 percent.

Dairy products exported to the Polish market must be accompanied by the health certificate and comply with Polish Norms which are enforced by the Ministry of Agriculture and Rural Development. The list of obligatory norms regarding time and conditions of storage and quality standards are available in the Polish Norms Report available in the Attache Reports site of the FAS home page.

## Exports

NFDM is the biggest export item of the Polish dairy industry in terms of quantity and value. The expected decrease of NFDM exports in 2002 and 2003 stems from unfavorable world prices. Polish exports of NFDM in the first half of 2002 amounted to 34,501 tons. Lower exports of NFDM and butter are expected to stimulate exports of WDM. In the first six months of 2002 exports of WDM amounted to 6,100 tons compared to 4,882 tons in 2001. The majority of WDM was exported to the EU and Algeria.

In the first half of 2002, Poland exported 9,360 tons of hard cheese compared to 8,414 tons in the first six months of 2001. The increase of exports is due mostly to shipments of cheese to the EU within the zero tariff quota. The United States accounted for 12 percent of Poland's cheese exports in 2001 in comparison to 44 percent in 2000. The Polish dairy industry continues to seek enlargement of the U.S. import quota for cheese due to its high profitability.

In the first six months of 2002, Poland exported 8,192 tons of butter compared to 13,627 tons in the same period of 2001. Unfavorable world prices are expected to limit exports of butter in 2002 and 2003. In 2001, 1,908 tons of butter was exported to the U.S. compared to 16 tons in 2000.

## EU Accession

Accession to the European Union which is planned for 2004 will have a significant impact on the Polish dairy industry. The milk quota proposed by the Polish government amounts to 12 million tons but the EU proposes a much smaller Polish production limit of 8.875 million tons. The production quota will be critical in determining future prospects of Poland's dairy sector. Final EU-Poland negotiations on the milk production quota are expected by the end of December 2002 as Poland seeks accession by 2004. The milk quota system requires development of a system of administration which will allocate quotas and supervise its use. The AMA of the Ministry of Agriculture will be responsible for management of the quotas.

## *Other reports of interest:*

- Gain Report #PL1002 "Polish Norms"
- Gain Report #PL2022 "Livestock Annual 2002"
- Gain Report #PL2010 "Grain & Feed Annual 2002"
- Gain Report #PL2021 "Product Brief - Dairy Genetics"

## 2. Statistical Tables

### PS&D Table, Dairy, Milk, Fluid

PSD Table						
Country	Poland					
Commodity	Dairy, Milk, Fluid				(1000 HEAD)(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Cows In Milk	3047	3130	3000	3100	0	3000
Cows Milk Production	12000	11894	12200	12000	0	12200
Other Milk Production	30	30	30	30	0	30
TOTAL Production	12030	11924	12230	12030	0	12230
Intra EC Imports	0	0	0	0	0	0
Other Imports	10	8	8	8	0	8
TOTAL Imports	10	8	8	8	0	8
TOTAL SUPPLY	12040	11932	12238	12038	0	12238
Intra EC Exports	0	0	0	0	0	0
Other Exports	1	0	1	1	0	1
TOTAL Exports	1	0	1	1	0	1
Fluid Use Dom. Consum.	5000	5000	4980	4980	0	5000
Factory Use Consum.	6389	6282	6607	6407	0	6587
Feed Use Dom. Consum.	650	650	650	650	0	650
TOTAL Dom. Consumption	12039	11932	12237	12037	0	12237
TOTAL DISTRIBUTION	12040	11932	12238	12038	0	12238
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

**Prices Table, Milk, Fluid**

Prices Table			
Country	Poland		
Commodity	Dairy, Milk, Fluid		
Prices in	zlotys	per uom	1 liter, 2% fat
Year	2001	2002	% Change
Jan	1.29	1.32	2.33%
Feb	1.3	1.32	1.54%
Mar	1.3	1.32	1.54%
Apr	1.3	1.32	1.54%
May	1.3	1.32	1.54%
Jun	1.3	1.32	1.54%
Jul	1.3	1.31	0.77%
Aug	1.3		-100.00%
Sep	1.3		-100.00%
Oct	1.31		-100.00%
Nov	1.31		-100.00%
Dec	1.32		-100.00%
Exchange Rate	4.12	Local currency/US \$	

**Import Trade Matrix, Milk, Fluid**

Import Trade Matrix			
Country	Poland		
Commodity	Dairy, Milk, Fluid		
Time period	Jan-Dec	Units:	Tons
Imports for:	2000		2001
U.S.		U.S.	
Others		Others	
Lithuania	4189	Czech Republic	8223
Germany	1417	France	120
Czech Republic	733	The Netherlands	19
France	130		
Belgium	10		
Total for Others	6479		8362
Others not Listed	1		
Grand Total	6480		8362



**Export Trade Matrix, Milk , Fluid**

Export Trade Matrix			
Country	Poland		
Commodity	Dairy, Milk, Fluid		
Time period	Jan-Dec	Units:	Tons
Exports for:	2000		2001
U.S.		U.S.	11
Others		Others	
The Netherlands	122	Liberia	10
Bahama Islands	88	Bahama Islands	45
Yugoslavia	60	Canada	31
Macedonia	60	Cyprus	6
Russia	25	Malta	5
Virgin Islands	20		
Malta	20		
Republic of Korea	20		
Cyprus	12		
Total for Others	427		97
Others not Listed	252		221
Grand Total	679		329

**PS&D Table, Dairy, Cheese**

PSD Table						
Country	Poland					
Commodity	Dairy, Cheese				(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Beginning Stocks	8	8	2	0	2	0
Production	154	161	160	172	0	172
Intra EC Imports	0	0	0	0	0	0
Other Imports	3	3	3	2	0	2
TOTAL Imports	3	3	3	2	0	2
TOTAL SUPPLY	165	172	165	174	2	174
Intra EC Exports	0	0	0	0	0	0
Other Exports	17	21	17	22	0	22
TOTAL Exports	17	21	17	22	0	22
Human Dom. Consumption	146	151	146	152	0	152
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	146	151	146	152	0	152
TOTAL Use	163	172	163	174	0	174
Ending Stocks	2	0	2	0	0	0
TOTAL DISTRIBUTION	165	172	165	174	0	174
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	2	3	2	3	0	3

**Import Trade Matrix, Dairy, Cheese**

Import Trade Matrix			
Country	Poland		
Commodity	Dairy, Cheese		
Time period	Jan - Dec	Units:	Tons
Imports for:	2000		2001
U.S.		U.S.	1
Others		Others	
France	1600	France	410
Czech republic	1398	New Zealand	403
Australia	540	Germany	399
The Netherlands	483	Czech Republic	336
Slovak Republic	433	Australia	260
Belgium	394	Italy	239
Germany	340	The Netherlands	161
New Zealand	307	Denmark	155
Italy	162	Slovak Republic	122
Denmark	137		
Total for Others	5794		2485
Others not Listed	118		87
Grand Total	5912		2573

**Export Trade Matrix, Dairy, Cheese**

Export Trade Matrix			
Country	Poland		
Commodity	Dairy, Cheese		
Time period	Jan - Dec	Units:	Tons
Exports for:	2000		2001
U.S.	3368	U.S.	2611
Others		Others	
Ukraine	1099	The Netherlands	6355
Lithuania	633	Czech Republic	4424
Venezuela	411	Ukraine	1604
Russia	328	Germany	1211
The Netherlands	286	Lithuania	1098
Italy	246	Italy	879
Malta	225	France	612
Germany	221	Denmark	318
Turkey	192	Russia	298
Czech Republic	117	Great Britain	200
Total for Others	3758		16999
Others not Listed	612		1327
Grand Total	7738		20937

**PS&D Table, Dairy, Butter**

PSD Table						
Country	Poland					
Commodity	Dairy, Butter				(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Beginning Stocks	15	15	8	10	4	5
Production	178	181	180	180	0	180
Intra EC Imports	0	0	0	0	0	0
Other Imports	3	3	3	3	0	3
TOTAL Imports	3	3	3	3	0	3
TOTAL SUPPLY	196	199	191	193	4	188
Intra EC Exports	0	0	0	0	0	0
Other Exports	20	19	15	16	0	14
TOTAL Exports	20	19	15	16	0	14
Domestic Consumption	168	170	172	172	0	172
TOTAL Use	188	189	187	188	0	186
Ending Stocks	8	10	4	5	0	2
TOTAL DISTRIBUTION	196	199	191	193	0	188
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	2	0	2	0	2

**Prices Table, Dairy, Butter**

Prices Table			
Country	Poland		
Commodity	Dairy, Butter		
Prices in	zlotys	per uom	200 grams
Year	2001	2002	% Change
Jan	2.67	2.45	-8.24%
Feb	2.56	2.44	-4.69%
Mar	2.38	2.4	0.84%
Apr	2.29	2.37	3.49%
May	2.26	2.34	3.54%
Jun	2.25	2.31	2.67%
Jul	2.25	2.3	2.22%
Aug	2.25		-100.00%
Sep	2.27		-100.00%
Oct	2.3		-100.00%
Nov	2.35		-100.00%
Dec	2.42		-100.00%
Exchange Rate	4.12	Local currency/US \$	

**Import Trade Matrix, Dairy Butter**

Import Trade Matrix			
Country	Poland		
Commodity	Dairy, Butter		
Time period	Jan - Dec	Units:	Tons
Imports for:	2000		2001
U.S.		U.S.	
Others		Others	
Czech Republic	8086	Czech Republic	1934
Uruguay	600	Estonia	680
Australia	556	Lithuania	207
New Zealand	504	Uruguay	200
Slovak Republic	498	Germany	121
Lithuania	309	Ireland	108
The Netherlands	307	The Netherlands	88
France	195	Slovak Republic	40
Denmark	86	Denmark	40
Sweden	80	France	18
Total for Others	11221		3436
Others not Listed	75		58
Grand Total	11296		3494

**Export Trade Matrix, Dairy Butter**

Export Trade Matrix			
Country	Poland		
Commodity	Dairy, Butter		
Time period	Jan - Dec	Units:	Tons
Exports for:	2000		2001
U.S.	16	U.S.	1908
Others		Others	
Germany	1212	The Netherlands	4594
The Netherlands	1117	Russia	3966
Turkey	199	Germany	2219
France	120	Ukraine	1447
Denmark	110	Egypt	796
Czech Republic	40	Syria	739
Belgium	20	Lithuania	579
Lithuania	18	Belgium	345
Bahama Islands	15	Mexico	243
		Romania	192
Total for Others	2851		15120
Others not Listed	55		1578
Grand Total	2922		18606



**PS&D Table, Dairy, Milk, Nonfat Dry**

PSD Table						
Country	Poland					
Commodity	Dairy, Milk, Nonfat Dry				(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Beginning Stocks	39	39	41	37	41	40
Production	150	151	150	150	0	150
Intra EC Imports	0	0	0	0	0	0
Other Imports	10	10	10	8	0	8
TOTAL Imports	10	10	10	8	0	8
TOTAL SUPPLY	199	200	201	195	41	198
Intra EC Exports	0	0	0	0	0	0
Other Exports	95	108	100	100	0	95
TOTAL Exports	95	108	100	100	0	95
Human Dom. Consumption	0	0	0	0	0	0
Other Use, Losses	63	55	60	55	0	63
Total Dom. Consumption	63	55	60	55	0	63
TOTAL Use	158	163	160	155	0	158
Ending Stocks	41	37	41	40	0	40
TOTAL DISTRIBUTION	199	200	201	195	0	198
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

**Import Trade Matrix, Dairy, Milk, Nonfat, Dry**

Import Trade Matrix			
Country	Poland		
Commodity	Dairy, Milk, Nonfat Dry		
Time period	Jan-Dec	Units:	Tons
Imports for:	2000		2001
U.S.		U.S.	195
Others		Others	
Russia	8329	Ukraine	5483
Belarus	3908	Belarus	2555
Ukraine	2597	Russia	670
Czech Republic	441	Czech Republic	496
Germany	400	Moldova	461
Lithuania	253	Great Britain	234
Great Britain	70	Germany	111
Greece	54	The Netherlands	73
The Netherlands	21	Spain	47
Total for Others	16073		10130
Others not Listed	78		108
Grand Total	16151		10433

**Export Trade Matrix, Dairy, Milk, Nonfat, Dry**

Export Trade Matrix			
Country	Poland		
Commodity	Dairy, Milk, Nonfat Dry		
Time period	Jan-Dec	Units:	Tons
Exports for:	2000		2001
U.S.	229	U.S.	
Others		Others	
Algeria	21104	Algeria	43437
Mexico	15147	Mexico	14859
The Netherlands	6598	Vietnam	6832
Vietnam	6147	Egypt	6375
Germany	5191	Japan	4351
Japan	3684	Germany	3789
Egypt	3644	The Netherlands	2934
Brazil	3325	Thailand	2780
Syria	2752	Syria	2368
Bangladesh	2122	Belgium	1534
Total for Others	69714		89259
Others not Listed	16263		18726
Grand Total	86206		107985

**PS&D Table, Dairy, Dry Milk**

PSD Table						
Country	Poland					
Commodity	Dairy, Dry Whole Milk Powder				(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Beginning Stocks	1	1	1	0	1	0
Production	32	34	33	40	0	38
Intra EC Imports	0	0	0	0	0	0
Other Imports	1	3	1	2	0	2
TOTAL Imports	1	3	1	2	0	2
TOTAL SUPPLY	34	38	35	42	1	40
Intra EC Exports	0	0	0	0	0	0
Other Exports	10	16	10	14	0	12
TOTAL Exports	10	16	10	14	0	12
Human Dom. Consumption	23	22	24	28	0	28
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	23	22	24	28	0	28
TOTAL Use	33	38	34	42	0	40
Ending Stocks	1	0	1	0	0	0
TOTAL DISTRIBUTION	34	38	35	42	0	40
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Calendar Yr. Exp. to U.S.	0	0	0	0	0	0
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### Import Trade Matrix, Dairy, Dry Milk

Import Trade Matrix			
Country	Poland		
Commodity	Dairy, Dry Whole Milk Powder		
Time period	Jan - Dec	Units:	Tons
Imports for:	2000		2001
U.S.		U.S.	42
Others		Others	
Germany	594	Ukraine	851
France	202	Byelorussia	430
Czech Republic	170	Germany	139
Ukraine	146	The Netherlands	24
Lithuania	95		
Belgium	60		
Byelorussia	11		
Total for Others	1278		1444

Others not Listed	0		1114
Grand Total	1278		2600

### Export Trade Matrix, Dairy, Dry Milk

Export Trade Matrix			
Country	Poland		
Commodity	Dairy, Dry Whole Milk Powder		
Time period	Jan - Dec	Units:	Tons
Exports for:	2000		2001
U.S.		U.S.	138
Others		Others	
The Netherlands	304	Algeria	3536
Germany	226	The Netherlands	3241
Saudi Arabia	159	Germany	1426
Egypt	98	Syria	1307
Syria	80	Vietnam	291
Russia	60	Mexico	126
Columbia	32	Rep.South Africa	112
Turkmenistan	30	Thailand	100

Bulgaria	29	Belgium	72
Mexico	25	Japan	50
Total for Others	1043		10261
Others not Listed	70		6033
Grand Total	1113		16432